

Exhibit AA

In The Matter Of:

***(C-"FHFA-ALL") FEDERAL HOUSING FINANCE AGENCY,
ETC.***

***RAYMOND ROMANO - Vol. 1
September 30, 2013***

MERRILL CORPORATION

Legalink, Inc.

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----x

FEDERAL HOUSING FINANCE AGENCY, etc. :
Plaintiff, :
vs. : 11 Civ. 6188
JPMORGAN CHASE & CO., et al. : (DLC)
Defendants. :

-----x

FEDERAL HOUSING FINANCE AGENCY, etc., :
Plaintiff, :
vs. : 11 Civ. 6189
HSBC NORTH AMERICA HOLDINGS, INC., et : (DLC)
al., :
Defendants. :

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FEDERAL HOUSING FINANCE AGENCY, etc., :
Plaintiff :
vs. : 11 Civ. 6190
BARCLAYS BANK PLC, et al., : (DLC)
Defendants. :

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Videotaped Deposition of Raymond Romano
Monday, September 30, 2013

1	-----x	
2	FEDERAL HOUSING FINANCE AGENCY, etc.,	:
3	Plaintiff,	:
4	vs.	: 11 Civ. 6192
5	DEUTSCHE BANK AG, et al.,	: (DLC)
6	Defendants.	:
7	-----x	
8	FEDERAL HOUSING FINANCE AGENCY, etc.,	:
9	Plaintiff,	:
10	vs.	: 11 Civ. 6193
11	FIRST HORIZON NATIONAL CORP., et al.,	: (DLC)
12	Defendants.	:
13	-----x	
14	FEDERAL HOUSING FINANCE AGENCY, etc.,	:
15	Plaintiff,	:
16	vs.	: 11 Civ. 6195
17	BANK OF AMERICA CORP., et al.	:
18	Defendants.	:
19	-----x	
20	FEDERAL HOUSING FINANCE AGENCY, etc.,	:
21	Plaintiff,	:
22	vs.	: 11 Civ. 6198
23	GOLDMAN, SACHS & CO., et al.,	: (DLC)
24	Defendants.	:
25	-----x	

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2 FEDERAL HOUSING FINANCE AGENCY, etc., :
3 Plaintiff, :
4 vs. : 11 Civ. 6200
5 CREDIT SUISSE HOLDINGS (USA), INC., : (DLC)
6 et al., :
7 Defendants. :

8 -----x
9 FEDERAL HOUSING FINANCE AGENCY, etc., :
10 Plaintiff, :
11 vs. : 11 Civ. 6201
12 NOMURA HOLDING AMERICA, INC., et al., : (DLC)
13 Defendants. :

14 -----x
15 FEDERAL HOUSING FINANCE AGENCY, etc., :
16 Plaintiff, :
17 vs. : 11 Civ. 6202
18 MERRILL LYNCH & CO., INC., et al., : (DLC)
19 Defendants. :

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2 FEDERAL HOUSING FINANCE AGENCY, etc., :
3 Plaintiff, :
4 vs. : 11 Civ. 6203
5 SG AMERICAS, INC., et al., : (DLC)
6 Defendants. :

7 -----x
8 FEDERAL HOUSING FINANCE AGENCY, etc., :
9 Plaintiff, :
10 vs. : 11 Civ. 6739
11 MORGAN STANLEY, et al., : (DLC)
12 Defendants. :

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1 -----x
2 FEDERAL HOUSING FINANCE AGENCY, :
3 AS CONSERVATOR FOR THE FEDERAL HOME :
4 LOAN MORTGAGE CORPORATION :
5 Plaintiff, :
6 vs. : 11 Civ. 7010
7 ALLY FINANCIAL, INC., GMAC MORTGAGE : (DLC)
8 GROUP, INC., ALLY SECURITIES, LLC :
9 J.P. MORGAN SECURITIES, LLC :
10 f/k/a J.P. MORGAN SECURITIES, INC., :
11 and as successor-in-interest to :
12 BEAR, STEARNS & CO., INC., :
13 CREDIT SUISSE SECURITIES (USA) LLC, :
14 f/k/a CREDIT SUISSE FIRST BOSTON, LLC, :
15 RBS SECURITIES, INC., f/k/a GREENWICH :
16 CAPITAL MARKETS, INC., CITIGROUP :
17 GLOBAL MARKETS, INC., BARCLAYS :
18 CAPITAL INC., UBS SECURITIES LLC, :
19 and GOLDMAN, SACHS & CO. :
20 Defendants :
21 -----x
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1 IN THE UNITED STATES DISTRICT COURT
2 DISTRICT OF CONNECTICUT
3 -----x
4 FEDERAL HOUSING FINANCE AGENCY, :
5 etc., :
6 Plaintiff, :
7 vs. : Case No.
8 THE ROYAL BANK OF SCOTLAND GROUP : 3:11-cv-01383-AWT
9 PLC, et al., :
10 Defendants. :
11 -----x

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15 Videotaped Deposition of Raymond Romano

16 Washington, D.C.

17 September 30, 2013

18 9:07 a.m.

19

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21

22

23 Job No. 238497

24 Pages 1 -

25 Reported by: Bonnie L. Russo

1 RAYMOND ROMANO

2 Q. If you take a moment just to -- not
3 to read the entire thing, but flipping through
4 it, my question is: Do you recognize this
5 document? Have you seen it before?

6 A. This specific document? I mean, I
7 don't recall but it wouldn't -- I wouldn't say
8 that I wasn't -- would not have seen it in
9 advance or at a board meeting.

10 Q. As of June 4, 2009, if something is
11 going to the business and risk committee of the
12 board of directors, is that something you would
13 have been involved in or expect to have been
14 involved in?

15 A. I normally attended the business and
16 risk committee meeting, so I would have
17 received packages -- the package for the
18 committee and the relevant sections that I
19 would participate in.

20 Q. So you would expect if this went to
21 the business and risk committee of the board of
22 directors, this is a document you would have
23 seen?

24 MR. OBLAK: Objection to form.

25 THE WITNESS: I am not sure I would

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1 RAYMOND ROMANO

2 have or not. I may not have been participating
3 in this portion of the meeting, but it's
4 possible I did as well.

5 BY MR. BREBNER:

6 Q. Do you recall a discussion at the
7 business and risk committee of the board of
8 directors of the cost of Freddie Mac's
9 affordable housing mission at or around this
10 time?

11 A. I don't recall those meetings. It
12 is possible they took place. I just don't
13 recall.

14 Q. Can you turn to Page 7 of the
15 presentation? If you can take a moment to
16 review Page 7?

17 My question for you is: During the
18 2005 to 2007 time period, as the senior credit
19 risk oversight officer at Freddie Mac, did you
20 understand that goal qualifying loans tended to
21 be higher risk?

22 MR. OBLAK: Objection to form.

23 THE WITNESS: I have no idea.

24 BY MR. BREBNER:

25 Q. You understood at the time that

1 RAYMOND ROMANO

2 housing goals and subgoals targeted low income
3 borrowers in areas?

4 MR. OBLAK: Objection to form.

5 THE WITNESS: The goals were
6 specifically around affordable conditions.

7 BY MR. BREBNER:

8 Q. You understood at the time that they
9 were targeting lower income borrowers in areas?

10 MR. OBLAK: Objection to form.

11 THE WITNESS: The goals and
12 objectives were to ensure that Freddie Mac was
13 providing liquidity to low and affordable
14 income areas.

15 BY MR. BREBNER:

16 Q. And you understood as a credit risk
17 person that lower household income correlates
18 with various risk factors, such as less wealth,
19 less employment stability, higher loan-to-value
20 ratios or lower credit scores?

21 MR. OBLAK: Objection to form.

22 THE WITNESS: They could, but it
23 doesn't mean that was exclusive.

24 BY MR. BREBNER:

25 Q. Not exclusive, but you understood

1 RAYMOND ROMANO

2 there was a correlation there, correct?

3 MR. OBLAK: Objection to form.

4 THE WITNESS: I believe that there
5 is a potential for portions of those loans to
6 have a higher probability of default.

7 BY MR. BREBNER:

8 Q. Because lower household income
9 correlates with various risk factors?

10 MR. OBLAK: Objection to form.

11 THE WITNESS: Not because of that.
12 It had all to do with what type of mortgage
13 products the consumers actually take out.

14 BY MR. BREBNER:

15 Q. Did you understand as somebody who
16 has been involved in the mortgage industry for
17 a long period of time that lower household
18 income correlates with various risk factors?

19 MR. OBLAK: Objection to form.

20 THE WITNESS: More affordable
21 borrowers may take out transactions that have
22 higher loan-to-values possibly, yes.

23 BY MR. BREBNER:

24 Q. And it is not just the
25 loan-to-value, also debt-to-income?

1 RAYMOND ROMANO

2 MR. OBLAK: Objection to form.

3 THE WITNESS: Debt-to-income, I
4 mean, the lower the income, the harder it is to
5 stay underneath that income ratios, but that
6 doesn't mean that every borrower had high debt
7 ratios.

8 BY MR. BREBNER:

9 Q. I am not talking about every
10 borrower.

11 As a general matter, did you
12 understand that lower income -- lower household
13 income correlated with risk factors such as
14 higher debt-to-income?

15 MR. OBLAK: Objection to form.

16 MR. MORVILLO: Join.

17 THE WITNESS: I'm not sure that -- I
18 mean, there might be a correlation. I'm not
19 sure I looked at it that way.

20 BY MR. BREBNER:

21 Q. Did you understand that there was
22 correlation between lower household income and
23 lower credit scores?

24 MR. OBLAK: Objection to form.

25 THE WITNESS: That may very well be

1 RAYMOND ROMANO

2 true. I don't think we have looked at it that
3 way.

4 BY MR. BREBNER:

5 Q. Well, you may not have, but it says
6 that in the memo here that was presented to the
7 business and risk committee of the board of
8 directors on June 4th, 2009, correct?

9 MR. OBLAK: Objection to form.

10 THE WITNESS: I think it is talking
11 about in this chart, just the higher
12 probabilities of default and it's -- how it
13 applies to goal qualifying loans.

14 BY MR. BREBNER:

15 Q. Right. And the second bullet under
16 goal qualifying loans tend to be higher risk
17 states: "Lower household income correlates
18 with various risk factors, such as less wealth,
19 less employment stability, higher loan-to-value
20 ratios or lower credit scores."

21 You see that, correct?

22 A. That's what it says.

23 Q. Do you have a basis to disagree with
24 that statement of correlation?

25 MR. OBLAK: Objection to form.